

FISCAL NOTE

SB 2560 - HB 3218

February 2, 2000

SUMMARY OF BILL: Amends the Pawnbrokers Act of 1988:

- Provides that profits made by an unlicensed pawnbroker are subject to forfeiture to the state of Tennessee and authorizes the attorney general to institute proceedings to enforce such forfeitures.
- Clarifies that an applicant must not have had a conviction for a felony, drug-related offense, or theft of property within 10 years of applying for a pawnbroker's license in order to be eligible.
- Increases the application fee for a pawnbroker's license from \$50 to \$100 and the fee for transferring such license to another location from \$10 to \$25.
- Requires pawnbrokers to furnish a prepaid insurance policy to cover loss or destruction of pawned articles to the county clerk.
- Provides that the governing body of a law enforcement agency may require pawnbrokers within its jurisdiction to have computer systems which are capable of transferring the required pawn transaction information to the agency within 48 hours. Further requires such law enforcement agency to provide software to the pawnshops required to transfer this information electronically. Exempts certain pawnshops from computer requirement. Current law only provides for such computer transfer requirements in Shelby County.
- Decreases the maximum a pawnbroker can charge a customer for tasks related to the pawn transaction from 1/5 of the loan amount to 10%.
- Authorizes local governments to require that pawnshops remain closed on Sundays except from November 25 through December 24 when they would be allowed to open from 12 PM to 9 PM for retail sales only.
- Authorizes law enforcement or the district attorney to petition the circuit court to suspend or revoke the license of a pawnbroker who violates the provisions of the act.
- Authorizes local governments to charge the pledgor a \$2.00 fee for each pawn transaction to be collected by the pawnbroker and remitted to the local government.
- Requires courts to provide for restitution from a defendant for any losses suffered by a pawnshop in cases where stolen property had been recovered from a pawnshop and returned to the rightful owner.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Not Significant / Permissive

Increase Local Govt. Expenditures - Exceeds \$100,000 / Permissive

Increase Local Govt. Revenues - Exceeds \$500,000 / Permissive

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The estimate assumes:

- an increase in state revenues to the extent the attorney general chooses to institute forfeiture proceedings on the profits of unlicensed pawnbrokers. Such an increase depends on the number of individuals subject to forfeiture but is estimated to be not significant.
- to the extent local law enforcement agencies choose to require computer transfer of pawn transaction information, they will experience an increase in expenditures for the costs of implementing such a system including the cost of providing software to affected pawnbrokers as provided in the act. This increase is estimated to exceed \$100,000.
- local governments will experience an increase in revenues from the increased license application and license transfer fees. As these fees would only apply to new pawnshops and pawnshop relocations, it is estimated that this increase would be not significant.
- to the extent local governments choose to impose the \$2.00 per transaction fee, they will experience an increase in revenues estimated to exceed \$500,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director